



Grand Junction Regional Airport Authority Board
Board Meeting
Meeting Minutes
March 20, 2018

REGULAR BOARD MEETING

Time: 5:15PM

I. Call to Order & Pledge of Allegiance.

Mr. Tom Benton, Board Vice-Chairman, called the Meeting of the Grand Junction Regional Airport Authority Board to order at 5:18 PM on March 20, 2018 in Grand Junction, Colorado and in the County of Mesa.

<i>Commissioners Present:</i> Tom Benton, <i>Vice-Chairman</i> Chuck McDaniel Erling Brabaek (present by phone) Clay Tufly Thaddeus Shrader(present by phone) Ron Velarde <i>Airport Staff:</i> Angela Padalecki, Executive Director Victoria Hightower, <i>Clerk</i> Chance Ballegeer, <i>Deputy Clerk</i> Ty Minnick Eric Trinklein Shelagh O’Kane Mark Papko	<i>Other:</i> Shannon Kinslow, TOIL Colin Bible, Garver Jon Conrad, CO Flight Center PJ McGovern, Junction Aerotec Brad Barker, CAP
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II. Approval of Agenda

Commissioner McDaniel moved for the Board to approve the agenda as presented. Commissioner Tufley seconded. Voice Vote. All Ayes.

III. Introduce New Board Member

Commissioner Brenton introduced new commissioner, Ron Velarde. Commissioner Benton said that Mr. Velarde was recently appointed by the Mesa County Commissioners last Monday. Mr. Velarde brings a wealth of knowledge.

Commissioner Velarde said that he appreciates the opportunity and is happy to be here. Commissioner Velarde said that he comes from a ranch and farming background, went to school at Southern Colorado State College (now CSU Pueblo) and graduated from Colorado State University to be a game warden. He was stationed in the San Luis Valley from 1973 to 1980, and then was promoted to Wild Life Manager in Pueblo from 1980 to about 2000, then was assigned as a regional manager for the west region. Commissioner Velarde said he was the North West Regional Manager up until 8 months ago when he retired after 47 years with the Colorado Parks and Wildlife.

IV. Commissioner Comments

None.

V. Citizen Comments

None.

VI. Discussion & Action Items

A. Final 2017 audit presentation

Mr. Minnick stated that this is the 2017 audit that is still in draft form but pending approval tonight it will go to final.

Ms. Lisa Meacham with EKSH and Chase Lloyd presented the 2017 audit. Ms. Meacham stated that they express an unmodified opinion on the financial statements, which is the highest level of assurance that they can give, a clean audit opinion. They identified no material weaknesses in internal control over financial reporting. No finding reported under Uniform Grand Guidance (Airport Improvement Program). No findings reported over the Passenger Facility Charge audit. No difficulties or disagreements. Ms. Meacham stated that the Airport has a very strong team in place and overall, the audit went very well.

EKS&H Confirmation: "We confirm we are independent of Grand Junction Regional Airport Authority in compliance with Rules of the Colorado State Board of Accountancy, the AICPA's Code of Professional Conduct, and Government Auditing Standards."

➤ **Statements of Net Position**

- **Total assets: \$82.6 million, an increase of \$3.2 million compared to the prior year**
 - Current assets increased by \$1.1 million cause by increases in grants receivable
 - Non-current assets increased by \$2.1 million largely caused by an increase in capital assets driven by higher AIP activity in the current year
 - Total liabilities: \$27.0 million, a decrease of \$332,000 compared to the prior year

- Current liabilities increase by \$317,000 due to slight increases in accounts payable – capital assets and accrued expenses offset by a decrease of \$649,000 in non-current liabilities from payments on the revenue bonds payable
 - Total net position: \$55.3 million, an increase of \$3.5 million
 - Statement of revenue, expenses, and changes in net position
 - Total operating income (before depreciation) – \$2.1 million, an increase of \$143,000 over prior year
 - Aeronautical revenues were up \$41,000 over prior year and non-aeronautical revenues were up \$89,000 from increases in rental cars and parking/ground transportation.
 - Operating expenses were down \$13,000 from prior year. Personnel compensation and benefits was up \$269,000 (noncash PERA adjustments) offset by decreases in contract services and repairs and maintenance.
 - Non-operating revenues (expenses) - \$5.5 million, an increase of \$2.9 million over prior year.
 - Capital contributions (grant income) up by \$3.0 million from prior year due to increased AIP activity offset by an increase in interest expense.
 - Total change in net position - \$3.5 million, an increase of \$3.1 million from prior year
 - Driven by \$3.0 million increase in capital contributions (grant income) which was used for capital assets during the year

*Commissioner Tufly moved for the Board to approve the audit as presented.
Commissioner Brabaek seconded. Voice Vote. All Ayes.*

B. Invoice and Final Audit Approval

Commissioner McDaniel moved for the Board to approve payment for the final invoice. Commissioner Tufly seconded. Voice Vote. All Ayes.

VII. Consent Agenda

- A. February 20, 2018 Meeting Minutes
- B. G4S invoice
- C. Goodwin invoice
- D. DKMG invoice – rate & charges review
- E. Garver invoice – Taxiway A design
- F. Garver invoice – east apron
- G. Mead & Hunt invoice – boarding bridge design
- H. Mead & Hunt invoice – terminal renovations design
- I. Sky Adventures sublease agreement

Commissioner Tufly moved to approve the Consent Agenda. Commissioner McDaniel seconded. Voice Vote. All Ayes.

VIII. Staff Reports

A. Director's and Activity report

Ms. Padalecki stated that they had their Airport Open House on March 6th and it was a great success. Ms. Padalecki stated that the next Board Workshop is scheduled for April 3rd and that one is planned to be the Governance Workshop at 5:15PM. Ms. Padalecki said that the TSA lease amendment will go through and be effective April 1st, which will give the conference room and the adjacent office space back to the airport for use. Ms. Padalecki briefed the Board on a few organizational chat changes. The Airport has a new intern who started in February. His name is Aaron and is a student at CMU in the Civil Engineering Dept and is working with Eric Trinklein. Ms. Padalecki said that Mark Papko, Airport Operations Manager, reached his six month anniversary this week and his role has changed within those six months. Ms. Padalecki said that they have added security into his portfolio and have made some modifications to his job description and his pay band.

Ms. Padalecki said that the Air Service Task Force is a non-profit that exists in town and is made up of a board of members from their business community primarily, and also stakeholders as well. Ms. Padalecki stated that many may have heard of the purposed lodging tax increase within the City of Grand Junction, currently there is a 3% lodging tax. What has been purposed is to put on the ballot an increase of 3%. That 3% would be divvied up as follows:

- 1% would go towards air service development at the airport. The airport can't accept tax payer funds, so that money would go to the air service alliance to help with air service incentives.
- 0.75% would go to the Greater Grand Junction sports commission.
- 1.25% would go to Visit Grand Junction

Each percentage represents about \$500,000 today and there is no sunset provision being purposed, so that amount would grow over time. The City Council did give the green light to start writing the ballot question. If approved, this would go on the ballot for November elections.

Ms. Padalecki briefed the Board on an update for the Foreign Trade Zone (FTZ). The letter of support from the Governor is the next milestone the airport will need to reach and that is being managed by GJEP. GJEP expects that letter will be sent from the Governor's office this week.

Ms. Padalecki gave a brief update on stakeholder coordination. Ms. Padalecki said that that is something they are trying to improve on, so in the next month they will be meeting with airport tenants.

Ms. Padalecki said that for the Activity report, they are going to talk about January again. Ms. Padalecki said that this team does a great job on reporting information to

the Board as soon as it's available, but what that means on their activity information and financials is they are reporting data they just received. To be able to give more information behind the numbers staff is going to change that frequency so they will be reporting on an extra month lag.

Enplanements were down in January compared to the 2017 numbers, but their landings were up. The main reason is because of diversions. Those diversions will land, deplane, and then those passengers get put on a bus to their destination, so these aren't, from a schedule perspective, those corresponding enplanements. Ms. Padalecki briefly went through data for each airline.

B. Financial report

Mr. Minnick briefed the Board on the airport's current financial status. Aeronautical revenue is made up largely of landing fees, terminal rent and fuel flowage and it remained relatively flat to the prior year. Terminal rent will stay the same because it is a fixed rate and doesn't change through the year. Landings were up in 2018 vs. 2017 so that gave a slight increase in the overall aeronautical revenue. Fuel flowage was down slightly from prior year. They lost a little in total gallons pumped for the GA, so that impacted their revenue slightly.

Non-aeronautical revenue is mostly passenger revenue and is driven by the parking and the rental cars. The main revenue source is parking. The non-aeronautical revenue makes up over half of their total revenue.

Operating expenses are lower than prior year. Prior year they had an audit fee that was billed out in January so it hit in those January financials and this year it will be in the February financials. In 2017, they also had that ice storm that shut everything down momentarily but they did have some extra expenses related to that. They also had lower marketing and air service expenses in 2018 vs. prior year.

Non-operating revenue for 2018 included a CDOT reimbursement that was from AIP projects that were billed out in December and they collected that revenue in January. They also had a customer facility charge that came in late, it hit February vs January of about \$20,000.

C. Operations report

Mr. Mark Papko gave an update on airside operations activity. Mr. Papko briefly discussed traffic operations (landing and/or take off), on-time performance, and diversions. Mr. Papko said that for on-time performance 2016 and 2017 were pretty even. The airport is maintaining a 90% on time performance. On-time performance is defined as +/- 15mins of the scheduled time. Mr. Papko said that the airport's cancel rate is .31 of a percent, which is a number they are very proud of because it speaks to the reliability of the airport.

Mr. Papko stated that the Airport decided to put in for an FMLD mini grant application for funds to purchase a Penetration Aircraft Skin Trainer (PAST).

Currently the airport doesn't have any kind of training material and right now use cones to simulate penetrating an aircraft so it's not realistic. The airport requested \$9,800 to purchase an FAA certified PAST training apparatus, promoting advanced proficiency with the High Reach Extendable Turret (HRET). There is only one certified PAST on the market. The grants will be awarded in April by the FMLD.

D. Projects update

Mr. Trinklein briefed the board on the status of the current projects at the airport, which include, The passenger loading bridge, partial terminal roof replacement, escalator replacement, terminal main atrium HVAC upgrade, 3rd floor administration Office, taxiway A – pavement rehabilitation, and runway 12/30. Mr. Trinklein said that they are in a bidding phase for majority of the projects. Mr. Trinklein said that they had some problems with their online bidding website service and between the terminal roof project and the escalator replacement, they received one bid. Looking at how the City and County conduct their bidding process, they have some ways to increase their probability on future projects. Staff has reached out to that contractor to do a cost analysis and possibly negotiate to a fee that's within their budget.

Passenger Loading Bridge

- Converts Gate 1 to fixed covered walkway
- 757 capable
- Improves utilization of lower hold room area
- One bid received March 9th within budget
- Staff is reviewing the bid and will have a recommendation at the next board meeting.
- On schedule for contractor selection
- Construction Q2-Q3
- Bid \$1,287,072 within budget
- Scheduled completion Q3 2018

Partial Terminal Roof Replacement

- Replacing Portions of second and third floor roofing
- One bid received March 2
- Construction Q3
- Budget: \$500K from cost estimate
- Scheduled completion Q3 2018

Escalator Replacement

- Both main terminal escalators
- No bids received
- Construction will be included in larger project for general contractor
- Budget \$360k from cost estimate
- Scheduled completion Q3 2018

Terminal Main Atrium HVAC

- Last remaining zone that is under the original system

- Improve terminal user experience
- Contractor selection/award in May
- Begin construction Q3
- Budget: \$1.2M to \$1.8M
- Scheduled Completion Q4 2018
- Work will be provided under larger general contractor selection. Working to provide owner procured equipment in order to minimize impacts of lead times. Include temporary cooling with construction project during the summer. Budget (full scope) \$2.9M

3rd floor Administration Offices

- Consolidate Administrative Staff
- Enabling work complete for TSA transition
- Design/build project
- Bid period: 2/23 to 4/6
- Contractor selection/award in April
- Construction Q2-Q3
- Budget: \$150,000
- Scheduled completion Q3 2018

Taxiway A Rehabilitation project

- Heavily used ends of primary parallel taxiway
- Design-only contract with Garver
- Ready for bid April 2018 in anticipation of FAA Grant
- Grant: \$1,700,000
- Scheduled construction completion Q4 2018

Runway 12/30

- 30% design is complete
- Revised cost estimates underway
- 2018 enabling projects:
 - Relocate 27 ¼ Rd
 - Relocate Remote Transmitter Receiver (RTR)
- Begin 60% design
- Complete 60% design August
- Cost estimate: \$132.3 Million
- Anticipated runway open 2025-2028
*estimate based on 30% design

Relocate 27 ¼ Road

- New location outside future
- Runway protection zone
- Ready for bid April in anticipation of Federal Grant
- Construction Q3-Q4
- Budget: \$2,321,000

→ Schedule completion Q4 2018

Relocate Remote Transmitter/Receiver

- Relocation outside of new runway airspace
- FAA communication facility
- Include towers and shed
- Reimbursable agreement with Air Traffic Organization of FAA
- Ready for bid April in anticipation of Federal Grant
- Construction Q3-Q4
- Budget: \$4,002,000
- Scheduled completion Q4 2018n

IX. Action Items

A. Junction Aero Tech Tri-Party Agreement

Commissioner Tufly recused himself from this discussion and abstained from voting, due to his role with Alpine Bank.

Mr. Minnick briefed the Board. Mr. Minnick said that the Tri-Party is between Alpine Bank, Junction Aero Tech and the Grand Junction Regional Airport. On April 1, 2016, GJRAA and Junction Aero Tech entered into one new ground lease captioned Aeronautical Use Ground Lease that replaced all three (3) of the Ground Lease Agreements and on September 21, 2017, GJRAA and Junction Aero Tech entered into a First Amendment to said such new ground lease (all collectively, the “Replacement Ground Lease”).

Junction Aero Tech has requested that Alpine accept the Replacement Ground Lease in lieu of the Original Ground Leases as collateral to secure repayment of the Loan. Such a substitution of collateral will require an amendment to the Tri-Party Agreement. The consent of GJRAA is required in order for such an amendment to be effective.

The expiration of the term of the Replacement Ground Lease is August 15, 2024. The Replacement Ground Lease contains one ten-year renewal option ending on August 15, 2034, and five additional four-year renewal options thereafter,

Airport Authority general counsel has reviewed without exception.

Airport Attorney, Karl Hanlon, said that the goal with to gather everything into one consolidated package.

Commissioner Brabaek stated that his only concern with the lease is the fact that they are still honoring a lease with respect to the southern portion of A4. Commissioner Brabaek asked if there was a way that when they take a vote on this, add some

attachment that excludes the taxiway A4 connector, that he believes shouldn't be in the lease.

Mr. Hanlon said that that could be made part of the motion, but they would need to know prior to execution that that works for both sides.

Mr. PJ McGovern said that the concern that has been brought about is that on West Star's leasehold there is part of a taxiway and is inappropriate. Staff has been working with West Star directly about this issue and to trade ground that is just north of the Mesa hangar. Mr. McGovern said that they are in favor of the board making a motion to approve this subject to a simultaneous amendment to the ground lease that the taxiway goes away from West Star's lease and pick up the pad just north of the Mesa Hangar.

Mr. Hanlon said that from the stand point that this is a document that needs to be approved by the board but the board hasn't seen yet, his preference would be that this amendment and the next amendment be action items on the next meeting.

Commissioner McDaniel agreed that he prefers to have it all in one package at the next board meeting.

*Commissioner McDaniel moved to table this item till next board meeting.
Commissioner Velarde seconded. Voice Vote. All Ayes*

B. Hub service agreement extension

HUB is the insurance broker for the airport covering general liability, auto, D & O and medical insurance policies. The airport and HUB entered into an agreement on April 22, 2015 for insurance broker services. The attached extension will allow the airport to continue using HUB through the renewal period for all policies expiring 6/1/18, with the exception of medical insurance, which expires 9/1/18.

Staff recommends the contract extension to 12/31/18 for HUB International Insurance Services.

Commissioner McDaniel moved for the Board to approve to extend the HUB service agreement. Commissioner Tuflly seconded. Voice Vote. All Ayes.

**X. Any other business which may come before the Board
None.**

XI. Executive Session

Commissioner Tuflly moved for the Board to go into Executive Session For conference with an attorney for the local public body for the purpose of receiving legal advice on specific legal questions as authorized by C.R.S. Section 24-6-402(4)(b) and for determining positions relative to matters that may be subject to negotiations; developing

strategy for negotiations; and instructing negotiators as authorized under C.R.S. Section 24-6-402(4)(e). Commissioner McDaniel seconded. Voice Vote. All Ayes.

XII. Adjournment

Rick Taggart, Board Chairman

ATTEST:

Victoria Hightower, Clerk to the Board